

NSC BRIEFING

3 June 1959

BACKGROUND: SOVIET FOREIGN TRADE

- I. Soviet selective trade with industrial West (18 percent of its trade) consistent with its desire for economic security and self-sufficiency--insulation from fluctuations and dependence on external sources.
- A. Trade largely exchange of raw materials and fuels for technologically advanced western equipment, purchase of which saves time it would take to develop.
- B. Current Soviet tactics injecting demands for credit into trade negotiations probably largely to develop new friction between free world countries and enhance competitive drive for expansion of trade with USSR.
- C. Soviet 7-year plan not formulated on basis that credits would be available.
- D. Any credits USSR receives will be a convenience to them, enabling procurement technologically superior equipment now and deferring payment until end of 7-year plan.
- II. Trade with underdeveloped areas (10 percent of Soviet trade) primarily politically inspired--to reduce western and increase Soviet political influence. This trade not necessarily economically unsound. USSR purchases foodstuffs and raw materials in exchange for Soviet manufactured goods which cannot compete in Western markets.
- A. To support trade and aid to this area, Soviets established in 1957 a State Committee under Council of Ministers to administer

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- B. Furthermore, to bring full weight of bloc to bear in under-developed areas--bloc activity in this field coordinated through CEMA.
- C. Trade with other Bloc countries (72 percent of Soviet trade) designed to mutually support growth of communism and reinforce bloc ties.
  - 1. Trade aids the USSR in political and economic domination of EE satellites.
  - 2. Trade encourages economic integration, drawing together the resources and productive capacity of the Soviet bloc.